

**ASSEMBLY BILL**

**No. 2465**

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**Introduced by Assembly Member Duvall**

February 21, 2008

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An act to amend Section 10509.3 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2465, as introduced, Duvall. Insurance: replacement of life and annuity policies.

Existing law regulates the replacement of life insurance and annuity policies. Specified types of life and annuity products and transactions are exempt from the requirements and prohibitions in existing law, including an application to the existing insurer that issued the existing life insurance when a contractual change or a conversion privilege is being exercised.

This bill would add to the transactions exempt from the regulation of insurance and annuity policies an application to the existing insurer that issued the existing life insurance when the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and approved by the commissioner, or when a term conversion privilege is exercised among corporate affiliates.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 10509.3 of the Insurance Code is  
2     amended to read:

1 10509.3. (a) Unless otherwise specifically included, this article  
2 does not apply to the following:

3 (1) Credit life insurance.

4 (2) Group life insurance or group annuities.

5 (3) An application to the existing insurer that issued the existing  
6 life insurance when a contractual change or a conversion privilege  
7 is being exercised, *when the existing policy or contract is being*  
8 *replaced by the same insurer pursuant to a program filed with and*  
9 *approved by the commissioner, or when a term conversion privilege*  
10 *is exercised among corporate affiliates.*

11 (4) Proposed life insurance that is to replace life insurance under  
12 a binding or conditional receipt issued by the same insurer.

13 (5) Transactions where the replacing insurer and the existing  
14 insurer are the same; provided, however, that agents proposing  
15 replacement shall:

16 (A) Comply with the requirements of subdivisions (a) and (d)  
17 of Section 10509.4.

18 (B) Provide and leave with the applicant a written statement  
19 containing information relating to premiums, cash values, death  
20 benefits, and outstanding indebtedness, and dividends and dividend  
21 accumulations, if any, for the existing policy, both immediately  
22 before and after replacement, and for the proposed life insurance  
23 or annuity.

24 (b) Registered contracts shall be exempt from the requirements  
25 of paragraphs (2) and (3) of subdivision (b) of Section 10509.6  
26 requiring provision of policy summary or ledger statement  
27 information; however, premium or contract contribution amounts  
28 and identification of the appropriate prospectus or offering circular  
29 shall be required in lieu thereof.